

The University of Vermont Medical Center

Fiscal Year 2016 budget analysis

Report Date:

8/13/2015

The University of Vermont Medical Center

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Summary Budget to Budget Increase

The 2016 budget shows a 3.6% increase over the 2015 budget. The increase over 3% is due to "allowances" for health care investments. See Attachment B of the narrative that describes the investments.

Utilization is projected to be 1.8% higher and the budget includes 42 new FTEs and 12 additional physicians. Productivity shows a small improvement.

The operating surplus is budgeted at 3.8% of net revenues; this is the same as budgeted in 2015. The balance sheet is in a good position. The latest financial projections for 2015 show NPR and operating surplus the same as budgeted 2015.

The commercial cost shift is increased by \$29.3 million. This increase is related to \$34.8 million in lower Medicare and Medicaid revenue. This will be offset by \$5.5 million in bad debt and free care improvement.

Issues to Address at the Hearing

Discuss the rate increase, the "commercial ask", and the effects on your commercial payers.

Describe the reasons for the large shifts being seen from commercial/self pay patients to Medicaid.

Discuss the improving trends being seen in bad debt and free care the last few years.

Discuss the network providers not presented in the CVMC and UVMMC budgets. Describe the scope of the network providers and the management and regulatory reporting challenges you encounter.

	2014A	2015B	2015P	2016B	B15-B16 Change	B15-B16 % Change
Net Patient Care Revenue	\$ 1,055,675,894	\$ 1,087,767,762	\$ 1,087,767,762	\$ 1,126,774,924	\$ 39,007,162	3.6%
Other Operating Revenue	\$ 68,364,092	\$ 79,717,573	\$ 79,717,573	\$ 91,529,439	\$ 11,811,867	14.8%
Total Operating Revenue	\$ 1,124,039,986	\$ 1,167,485,334	\$ 1,167,485,334	\$ 1,218,304,364	\$ 50,819,029	4.4%
Total Expenses	\$ 1,072,296,197	\$ 1,123,111,669	\$ 1,123,111,669	\$ 1,172,159,584	\$ 49,047,915	4.4%
Net Operating Surplus	\$ 51,743,789	\$ 44,373,665	\$ 44,373,666	\$ 46,144,780	\$ 1,771,115	4.0%
Operating Margin %	4.6%	3.8%	3.8%	3.8%		

The University of Vermont Medical Center

Key Indicators	Actual 2013	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Actual 2014-Budget 2015	Budget 2015-Budget 2016
Utilization							
Acute Care Ave Daily Census	296.4	281.5	283.4	283.4	281.0	1.9	-2.4
Total Average Daily Census	336	319	319	319	321	0	2.6
Acute Average Length of Stay	5.5	5.8	5.7	5.7	5.7	0.0	0.0
Acute Admissions	19,740	17,820	17,999	17,999	17,959	179	-40.0
Total Beds (Staffed)	438	447	447	447	447	0	0.0
Adjusted Admissions	73,970	67,687	63,307	63,307	64,447	-4,380	1,139.4
Adjusted Days	405,456	390,253	363,871	363,871	369,102	-26,383	5,231.8
Capital							
Age of Plant	9.7	10.3	10.6	10.6	11.7	0.4	1.1
Long Term Debt to Capitalization	39.6%	35.9%	40.8%	40.8%	38.9%	4.9%	-1.9%
Capital Expenditures to Depreciation	86.9%	79.2%	147.4%	147.4%	77.2%	68.3%	-70.3%
Debt per Staffed Bed	1,324,000	1,283,872	1,544,488	1,544,488	1,593,848	260,615	49,361
Net Prop, Plant & Equip per Staffed Bed	943,338	915,808	1,172,172	1,172,172	1,258,586	256,365	86,413
Debt Service Coverage Ratio	4.0	4.2	3.7	3.7	3.4	-0.5	-0.3
Revenue							
Deduction %	54.5%	56.4%	55.1%	55.1%	54.4%	-1.2%	-0.8%
Bad Debt % of Gross Revenue	1.1%	1.1%	1.2%	1.2%	1.1%	0.1%	-0.2%
Free Care % of Gross Revenue	1.0%	0.7%	1.1%	1.1%	0.7%	0.4%	-0.4%
Operating Margin %	3.9%	4.6%	3.8%	3.8%	3.8%	-0.8%	0.0%
Total Margin %	6.8%	6.1%	4.7%	4.7%	4.9%	-1.4%	0.2%
All Net Patient Revenue % of Gross Rev	44.7%	41.7%	43.0%	43.0%	43.7%	1.2%	0.8%
Medicare Net Patient Revenue % of Gross Rev (incl Phys)	33.5%	32.3%	31.9%	31.9%	31.1%	-0.4%	-0.8%
Medicaid Net Patient Revenue % of Gross Rev (incl Phys)	48.5%	34.9%	36.1%	36.1%	33.3%	1.2%	-2.8%
Comm/self pay Net Patient Revenue % of Gross Rev (incl Phys)	51.5%	54.8%	57.1%	57.1%	61.1%	2.4%	4.0%
Productivity							
Adjusted Admissions Per FTE	13.3	11.8	10.8	10.8	11.0	-1.0	0.1
FTEs per 100 Adj Discharges	7.5	8.5	9.2	9.2	9.1	0.8	-0.1
Overhead Expense w/ fringe, as a % of Total Operating Exp	32.5%	31.6%	32.6%	32.6%	33.2%	1.1%	0.6%
FTEs Per Adjusted Occupied Bed	5.0	5.4	5.9	5.9	5.8	0.5	0.0
Cost							
Cost per Adjusted Admission	14,294	15,842	17,741	17,741	18,188	1,899	447
Salary & Benefits per FTE - Non-MD	80,768	80,743	85,701	85,701	87,554	4,958	1,853
Compensation Ratio	54.4%	55.4%	56.6%	56.6%	56.0%	1.3%	-0.6%
Capital Cost % of Total Expense	6.0%	6.0%	6.1%	6.1%	5.9%	0.1%	-0.2%
Liquidity							
Current Ratio	3.7	3.9	4.6	4.6	3.7	0.7	(0.9)
Days Cash on Hand	182.7	196.6	210.0	210.0	197.3	13.4	(12.7)
Cash to Long Term Debt	1.3	1.5	1.3	1.3	1.3	(0.3)	(0.0)
Payer							
DSH % of Total NPR	1.7%	1.5%	1.5%	1.5%	1.5%	0.0%	0.0%
Medicaid % of Total NPR (incl. DSH)	14.4%	11.2%	11.3%	11.3%	10.8%	0.1%	-0.5%
Medicare % of Total NPR (incl. DSH)	26.1%	29.6%	28.1%	28.1%	27.3%	-1.4%	-0.8%
Commercial % of Total NPR (incl. DSH)	57.8%	57.7%	59.0%	59.0%	60.4%	1.4%	1.3%
Employed							
Non-MD FTEs	5,582.2	5,735.1	5,842.6	5,842.6	5,884.7	107.4	42.2
Physician FTEs	487.8	509.4	525.5	525.5	537.6	16.2	12.0
Travelers	21.9	7.5	-	-	-	(7.5)	-
Outpatient							
All Outpatient Visits	1,534,459	1,629,813	1,654,004	1,654,004	1,676,418	24,191	22,413
Operating Room Procedure	19,526	19,545	19,848	19,848	19,272	303	(576)
Observation Units	-	-	-	-	-	-	-

1) UVMMC's narrative states they are requesting a 0% overall rate/price increase. However, UVMMC still expects to receive a 6% increase from commercial payers, often referred to as the "commercial ask". In rate terms, this is a 6% increase. CVMC is requesting a 4.7% increase, raising prices across IP hospital, OP hospital, nursing home, and professional.

a) Describe the different reimbursement agreements you may have when contracting with commercial payers. For UVMMC, do some plans pay more than 6%?

b) What is behind the strategy of not raising prices but still expecting increased reimbursement. Why wouldn't CVMC use the same approach? How can we make this request more transparent for communicating rate/price change to the public?

1A) UVMMC's NPR is budgeted to increase 3.6% while CVMC's increase is 4.7%. Health care investments and physician transfers explain the increases over 3%. Attachment B in the narrative describes those investments (see question 10). A schedule has been prepared that shows the combined effect of the total NPR changes later in this report. Confirm that the schedule is a fair representation of the NPR changes as we discussed.

2) UVMMC overall utilization is increasing 1.8% driven by physician visits and imaging. 42 non_MD FTEs and 12 new physicians have been added with productivity improving slightly.

CVMC overall utilization is increasing 8.1% and much of this is related to admissions and physician visits. The increase is higher than levels seen in 2013 and 2014. However, OR procedures are lower than 2015 budget.

a) What explains the increase admissions at CVMC? What types of admissions? Why would OR procedures be lower? Are you recapturing market share? Increased transfers? How much of this is connected to the 6 new physicians?

3) Bad debt and free care levels have come down from 2.6% of gross revenues in 2012 to 1.8% budgeted for 2016 for UVMMC and for CVMC, from 3.7% of gross revenues in 2012 to 2.9% budgeted for 2016.

a) Are there any changes in reimbursement disputes or other changes in patient coverage, caseload, etc. that might be influencing these accounts? Describe the recent changes you have seen in terms of caseloads, patient coverages, billing disputes, etc. that might be influencing the changes. Is there any evidence this is related to higher enrollment and/or shift to Medicaid?

b) Discuss your reference in the narrative to the problems you are seeing with Vermont Health Connect.

c) All things being equal, what would have happened to the UVMMC and the CVMC rate requests if the bad debt and free care remained at the same % of gross revenues as 2015 budget?

- 4) CVMC and UVMMC both show NPR changes that show significant shifting that require clarification:
- a) CVMC shows a reduction (\$5.3 million) in commercial/self-pay NPR offset by utilization increases in Medicaid (\$1.8 million) and Medicare (\$3.5 million). How do you explain lower commercial NPR revenues shifting to Medicare and Medicaid? Is the intensity changing?
 - b) At CVMC, reimbursement as measured by net gross is lower for every payer. Discuss your assumptions and why all payers show this decrease. Are the Nursing Home revenues distorting this?
 - c) UVMMC shows an increase in commercial/self-pay (\$5.3 million), a reduction in Medicaid (\$3.6 million), and a rather large increase in Medicare (\$13.8 million). How do you explain lower commercial and Medicaid NPR revenues shifting to Medicare? Is the intensity changing?
- 5) CVMC/UVMMC have different values budgeted than have been reported to us by DVHA. As a result, the provider tax is overstated and the disproportionate share understated. This would suggest rates are higher than necessary by the amounts shown below. If correct, then CVMC rate would be overstated by 0.4% and UVMMC at 0.9%.

	<u>2016 DVHA</u>	<u>2016 CVMC</u>	
Provider tax	\$9,290,831	\$9,570,781	\$279,950 OVER STATED
Dispr share	\$3,223,138	\$3,113,501	<u>\$109,637</u> UNDER STATED
Net patient revenue effect (rate overstated 0.4%)			\$389,587
	<u>2016 DVHA</u>	<u>2016 UVMMC</u>	
Provider tax	\$62,283,447	\$64,220,845	\$1,937,399 OVER STATED
Dispr share	\$18,724,391	\$16,725,494	<u>\$1,998,897</u> UNDER STATED
Net patient revenue effect (rate overstated 0.9%)			\$3,936,296

Provide confirmation that this is correct or update the schedule as necessary.

- 6) The University of Vermont health network includes 4 hospitals and their employed providers. Through the budget process, we only “see” UVMMC and CVMC budgets. What is the scope of the operations (in net patient revenues, FTEs, acute admissions, physicians) that we do not see for the rest of the network?
- 7) UVMMC narrative discusses the increase in the “Specialty pharmacy program” of \$7.9 million in expenses that is offset by \$11 million in revenue. Describe how this program works – UVMMC indicates that the program design helps keep dollars from going out of state.
- 8) The UVMMC narrative states that over \$11.4 million in purchased software and maintenance is now considered an operating cost when it used to be considered a capital item. Who makes this determination? What is the rationale for changing this? Does this provide relief for capital project IT demands? How do these expenditures relate to CON law?
- 9) Are all other CVMC/UVMMC assumptions for estimating Medicare following the proposed rules that CMS has published? What are the risks built into the budget for each institution?
- 10) Briefly discuss the health care reform investments UVMMC/CVMC is making and how you evaluate the use and returns expected on those funds. Distinguish the investments that are one-time investments versus ongoing operating costs. What costs will be built into your NPR base?
- 11) Your narrative has schedules (page 7) of inflation items and utilization that do not distinguish between CVMC and UVMMC. Provide a schedule that breaks out these items.

- 12) Both CVMC (6.6) and UVMMC (12) show additional physicians being added/recruited. Describe the types of physicians and if they are explained as a transfer, explain why they are being added.
- 13) The CVMC budget shows increases in disproportionate share revenues of almost \$1 million, a 47% increase. This is estimated to have a positive effect on rates. Why would the disproportionate share revenues move that dramatically in one year?
- 14) The cost shift is identified as part of the reason for the rate increase, 2.4% of the rate for UVMMC and 2.6% of the increase for CVMC. My estimates for the net patient revenue effect are \$10.1 million and \$2.6 million for CVMC. Can you confirm or provide a schedule?
- 15) The budget shows no travelers to be hired at CVMC and UVMMC. Is this realistic? Discuss the circumstances where you might be required to hire travelers.
- 16) Provide a schedule that breaks out the \$70 million in "Other operating revenues". Additional accounts may be needed.

The University of Vermont Medical Center

PROFIT & LOSS STATEMENT

	2014A	2015B	2015P	2016B	2015B-2016B	2016B
REVENUES						
INPATIENT	\$644,906,400	\$699,544,357	\$699,544,357	\$694,991,785	-\$4,552,572	-0.7%
OUTPATIENT	\$1,029,698,276	\$1,029,801,212	\$1,029,801,212	\$1,081,824,620	\$52,023,408	5.1%
PHYSICIAN	\$723,610,041	\$673,792,184	\$673,792,184	\$666,163,737	-\$7,628,447	-1.1%
CHRONIC REHAB	\$21,089,662	\$21,881,550	\$21,881,550	\$26,427,505	\$4,545,955	20.8%
SNF/ECF	\$0	\$0	\$0	\$0	\$0	0.0%
SWING BEDS	\$0	\$0	\$0	\$0	\$0	0.0%
GROSS PATIENT CARE REVENUE	\$2,419,304,380	\$2,425,019,304	\$2,425,019,304	\$2,469,407,647	\$44,388,343	1.8%
DISPROPORTIONATE SHARE PAYMENTS	\$15,934,537	\$16,078,494	\$16,078,494	\$16,725,494	\$647,000	4.0%
BAD DEBT	-\$26,717,639	-\$30,107,607	-\$30,107,607	-\$26,410,099	\$3,697,508	12.3%
FREE CARE	-\$17,323,263	-\$27,363,476	-\$27,363,476	-\$17,449,060	\$9,914,416	36.2%
GRADUATE MEDICAL EDUCATION	\$30,278,412	\$29,954,640	\$29,954,640	\$30,000,000	\$45,360	0.2%
DEDUCTIONS FROM REVENUE	-\$1,365,800,533	-\$1,325,813,593	-\$1,325,813,593	-\$1,345,499,058	-\$19,685,465	-1.5%
NET PATIENT CARE REVENUE	\$1,055,675,894	\$1,087,767,762	\$1,087,767,762	\$1,126,774,924	\$39,007,162	3.6%
OTHER OPERATING REVENUE	\$68,364,092	\$79,717,573	\$79,717,573	\$91,529,439	\$11,811,867	14.8%
TOTAL OPERATING REVENUE	\$1,124,039,986	\$1,167,485,334	\$1,167,485,334	\$1,218,304,364	\$50,819,029	4.4%
OPERATING EXPENSE						
TOTAL OPERATING EXPENSE	1,072,296,197	1,123,111,669	1,123,111,669	1,172,159,584	\$49,047,915	4.4%
NET OPERATING SURPLUS (LOSS)	\$51,743,789	\$44,373,665	\$44,373,666	\$46,144,780	\$1,771,115	4.0%
NON-OPERATING REVENUE	\$17,312,734	\$10,676,855	\$10,676,855	\$13,745,404	\$3,068,549	28.7%
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	\$69,056,522	\$55,050,520	\$55,050,520	\$59,890,184	\$4,839,663	8.8%

GMCB staff are working with hospitals to consistently align and report the information.

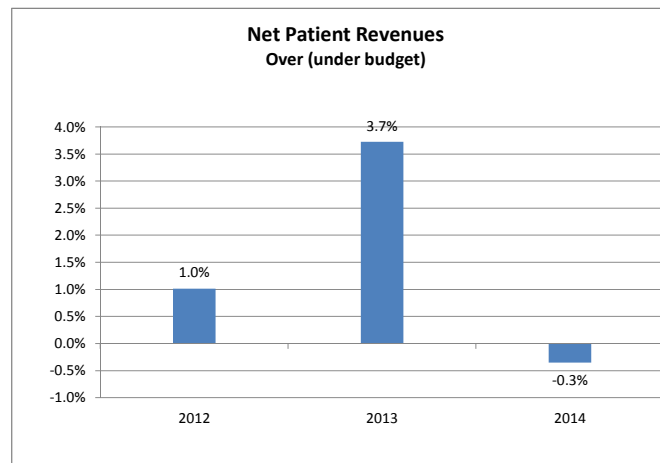
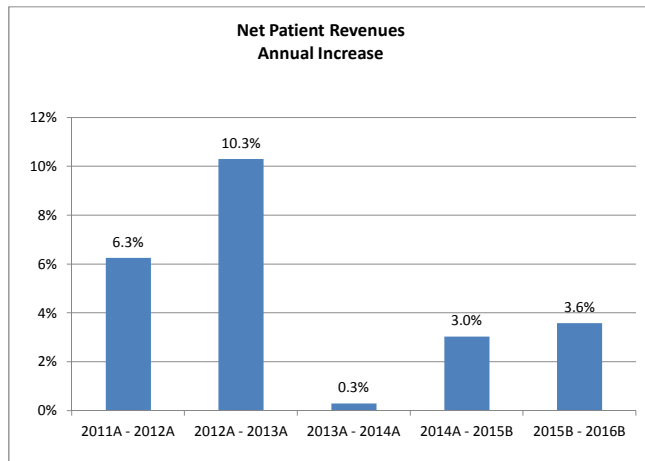
Favorable changes in bad debt and free care will be discussed.

\$9.0 million of Other operating revenue is 340 B program (pharmacy). \$70.6 million is categorized as "other" and includes lab revenues that flow through this budget (described last year). UVMHC will provide a schedule.

Higher expenses are driven primarily by fringe and wage increases, 42 new FTEs, and higher non-salary expenses related to outpatient pharmacy supplies and software expenses.

A decrease is budgeted in med/surg supplies due to the performance of their supply chain operation.

Operating surplus is planned to increase in 2016 to maintain the 3.8% operating margin.



The University of Vermont Medical Center

NET PATIENT REVENUE PAYER MIX

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - Hospital	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 16,078,494	\$ 16,725,494	\$ 647,000
Medicaid	\$ 86,273,314	\$ 85,742,549	\$ (530,765)
Medicare	\$ 259,949,728	\$ 259,928,129	\$ (21,599)
Commercial/self pay/Wcomp	\$ 468,762,753	\$ 509,331,381	\$ 40,568,628
TOTAL	\$ 831,064,289	\$ 871,727,553	\$ 40,663,265

Net Patient Revenue - Physician	Bud 15 Total	Bud 16 Total	Change
Disproportionate share			\$ -
Medicaid	\$ 37,000,884	\$ 36,231,060	\$ (769,824)
Medicare	\$ 46,175,298	\$ 47,856,352	\$ 1,681,054
Commercial/self pay/Wcomp	\$ 173,527,291	\$ 170,959,959	\$ (2,567,332)
TOTAL	\$ 256,703,473	\$ 255,047,371	\$ (1,656,102)

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change
Disproportionate share	\$ 16,078,494	\$ 16,725,494	\$ 647,000
Medicaid	\$ 123,274,198	\$ 121,973,609	\$ (1,300,589)
Medicare	\$ 306,125,026	\$ 307,784,481	\$ 1,659,456
Commercial/self pay/Wcomp	\$ 642,290,044	\$ 680,291,340	\$ 38,001,296
TOTAL	\$ 1,087,767,762	\$ 1,126,774,924	\$ 39,007,162

This schedule breaks out the net patient revenue changes between hospital and physician services.

You will note that the B15-B16 changes by payer may very well differ significantly when examining hospital vs. physician. This is because price changes, reimbursement, and utilization will differ for those services.

Our analysis finds a significant increase in commercial NPR and UVMMC will explain.

In addition, we find a \$2.5 million reduction in physician commercial revenue but a \$40 million corresponding increase in commercial hospital. Much of the commercial increase is related to the 6% commercial "ask".

The disproportionate share change has been verified and an increase will have a favorable effect on rate.

The University of Vermont Medical Center

NET PATIENT REVENUE PAYER MIX

Payer mix describes the reimbursement and patient change that occurs from year to year.

Net Patient Revenue - All	Bud 15 Total	Bud 16 Total	Change	% Change	Payer as a % of Total
UVMMV	\$ 1,087,767,762	\$ 1,126,774,924	\$ 39,007,162	3.6%	
CVMC	\$ 166,221,844	\$ 173,996,286	\$ 7,774,442	4.7%	
Combined	\$ 1,253,989,606	\$ 1,300,771,210	\$ 46,781,604	3.7%	

Detail for Net Patient Revenue increase

	UVM	CVMC	Combined	% Share
in millions				
Rate Increase	\$ 25.3	\$ 4.6	\$ 29.9	2.4%
Physician Practice Transfers	\$ -	\$ 2.2	\$ 2.2	0.2%
Bad Debt/Free Care Improvement	\$ 13.6	\$ 1.5	\$ 15.1	1.2%
Disproportionate Share Loss	\$ 0.6	\$ 1.0	\$ 1.6	0.1%
Utilization Gain/Loss	\$ 6.6	\$ (1.3)	\$ 5.3	0.4%
Health Care Reform Investments	\$ 6.4	\$ 1.7	\$ 8.1	0.6%
Other Change	\$ (13.5)	\$ (2.0)	\$ (15.5)	-1.2%
TOTAL	\$ 39.0	\$ 7.8	\$ 46.8	3.7%

This schedule presents a summary of the net patient revenue change for CVMC and UVMMC.

We are showing the combined effect of the changes since much of the network's internal management is organized in that manner.

The overall 2016 budget shows a 3.0% increase over the 2015 budget after adjusting for the health care investments and the physician transfers at CVMC.

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RATE TREND AND SOURCE OF REVENUES

Rate is the average change in price for services provided.

	Budget 2013 Approved	Budget 2014 Approved	Budget 2015 Approved	Budget 2016 Submitted	Average Annual 2014-2015
The University of Vermont Medical	9.4%	4.4%	7.8%*	6%*	6.9%
Weighted Average All Hospitals				4.3%	

* The actual "price change" is 0%. However, UVMHC states the 2016 "commercial ask" will result in a 6% increase to commercial payers.

	Bud 16 Total	Gross revenue from Rates	Net revenue from Rates	Commercial Payer	Self Pay/Other	Medicaid	Medicare	Other
Hospital Inpatient	-0.3%							
Hospital Outpatient	0.2%							
Professional Services	0.0%							
Nursing Home	0.0%							
Home Health	0.0%							
Other	0.0%							
Summary price request	0.0%	\$ 0	\$ 25,272,305	\$ 21,992,889	\$ 726,726	\$ (0)	\$ 2,552,690	

		Gross Revenue from Other	Net revenue from Other	Commercial Payer	Self Pay/Other	Medicaid	Medicare	DSH
Commercial Ask Negotiations			\$ 0	\$ 0	\$ -	\$ -	\$ -	\$ -
Utilization			\$ 6,614,245	\$ 11,051,318	\$ (13,680,884)	\$ 610,577	\$ 8,633,234	\$ -
Physician Acquisition or reduction			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other major program change			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Free care			\$ 9,914,416	\$ 9,914,416	\$ -	\$ -	\$ -	\$ -
Bad debt			\$ 3,697,508	\$ 3,697,508	\$ -	\$ -	\$ -	\$ -
Dispro share change			\$ 647,000	\$ -	\$ -	\$ -	\$ -	\$ 647,000
Other NPR changes			\$ (7,138,311)	\$ 12,486,532	\$ (8,187,209)	\$ (1,911,165)	\$ (9,526,468)	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other changes *			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Summary Other (non-price) request		\$ 44,388,343	\$ 13,734,857	\$ 37,149,774	\$ (21,868,093)	\$ (1,300,589)	\$ (893,235)	\$ 647,000

Total NPR Increase Due to Price and Other	\$ 44,388,343	\$ 39,007,162	\$ 59,142,664	\$ (21,141,367)	\$ (1,300,589)	\$ 1,659,456	\$ 647,000
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The rate increase is 0.0% with no increase budgeted for physician services, and minor changes to hospital outpatient and hospital inpatient. Nevertheless, UVMHC expects to negotiate on average a 6% improved reimbursement from the commercial payers they do business with.

The rate will generate \$25.3 million of the overall \$39.0 million increase in Net patient revenues (NPR).

Changes in NPR not related to rate/price show other payer effects. Utilization shows positive shifts towards Commercial and Medicare payers while there is a significant decline in self pay revenues. In addition, "Other changes" has a significant change across payers not related to utilization that needs to be explained.

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UTILIZATION & STAFFING

	2012A	2013A	2014A	2015B	2015P	2016B	B15-B16 Change
Utilization							
ADJUSTED ADMISSIONS	76,155	73,970	67,687	63,307	63,307	64,447	1.8%
ACUTE ADMISSIONS	19,922	19,740	17,820	17,999	17,999	17,959	-0.2%
AVERAGE LENGTH OF STAY	5.3	5.5	5.8	5.7	5.7	5.7	-0.4%
OP OPERATING ROOM PROCEDURES	19,866	19,526	19,545	19,848	19,848	19,272	-2.9%
LABORATORY TESTS	2,807,150	2,653,007	2,591,495	2,558,600	2,558,600	2,515,435	-1.7%
EMERGENCY ROOM VISITS	61,680	60,237	60,144	59,997	59,997	59,572	-0.7%
RADIOLOGY-DIAGNOSTIC & CT SCANS	206,640	206,529	215,902	209,188	209,188	217,268	3.9%
MRIs	18,538	17,363	18,070	17,600	17,600	18,504	5.1%
PHYSICIAN OFFICE VISITS	2,441,184	2,455,170	2,528,726	2,550,763	2,550,763	2,577,360	1.0%
CLINIC VISITS	1,145,112	1,155,200	1,218,964	1,260,315	1,260,315	1,227,240	-2.6%

Budgeted 2016 utilization (adjusted admissions) shows a slight 1.8% increase over 2015 budget levels.

UVMMC is budgeting decreases in operating room procedures, lab tests, and clinic visits. They are budgeting increases in Radiology and MRI.

Staffing							
NON-MD FTE	5,351	5,582	5,735	5,843	5,843	5,885	42.2
TRAVELERS	15.3	21.9	7.5	-	-	-	0.0
PHYSICIAN FTEs	481.8	487.8	509.4	525.5	525.5	537.6	12.0
TOTAL MD AND NON MD FTES	5,847.8	6,092.0	6,252.0	6,368.1	6,368.1	6,422.3	54.2
SALARY PER FTE - NON-MD	57,834	61,311	61,787	64,165	64,165	65,703	2.4%
SALARY & BENEFIT PER FTE - NON-MD	75,595	80,768	80,743	85,701	85,701	87,554	2.2%
FTES PER ADJUSTED OCCUPIED BED	4.8	5.0	5.4	5.9	5.9	5.8	-0.7%
FTES PER 100 ADJUSTED DISCHARGES	7.0	7.5	8.5	9.2	9.2	9.1	-1.1%

Non MD staffing is increasing by 42. Many are related to program expansions and increased volumes. 12 physicians have also been added.

Productivity indicators are steady and show a slight improvement for 2016.

BALANCE SHEET & INDICATORS

	2014A	2015B	2015P	2016B
Cash & Investments	\$212,890,000	\$215,873,000	\$215,873,000	\$169,659,874
Total Current Assets	\$411,632,000	\$379,953,000	\$379,953,000	\$368,540,573
Total Board Designated Assets	\$364,937,000	\$454,277,000	\$454,277,000	\$501,284,036
Total Net, Property, Plant And Equipment	\$409,366,000	\$523,961,000	\$523,961,000	\$562,587,766
Other Long-Term Assets	\$41,954,000	\$45,775,000	\$45,775,000	\$39,130,749
Total Assets	\$1,227,889,000	\$1,403,966,000	\$1,403,966,000	\$1,471,543,124
Total Current Liabilities	\$180,262,000	\$165,636,000	\$165,636,000	\$201,175,344
Long-Term Debt	\$366,045,000	\$491,290,000	\$491,290,000	\$483,623,505
Other Noncurrent Liabilities	\$27,584,000	\$33,460,000	\$33,460,000	\$27,651,363
Total Fund Balance	\$653,998,000	\$713,580,000	\$713,580,000	\$759,092,912
Total Liabilities and Equities	\$1,227,889,000	\$1,403,966,000	\$1,403,966,000	\$1,471,543,124

The hospital's overall balance sheet shows a continued improvement in net assets (fund balance).

Debt is trending lower as well as cash. Cash is assumed to be invested in Board Designated Assets.

Current liabilities have a large increase that needs clarification.

Hospital				
Net Increase/Decrease in Cash	\$ 21,503,001	\$ 44,679,000	\$ 2,983,000	\$ (46,213,126)
Days Cash on Hand	197	210	210	197
Cash to Long Term Debt	1.5	1.3	1.3	1.3
Long Term Debt to Capitalization	35.9%	40.8%	40.8%	38.9%
Debt Service Coverage Ratio	4.2	3.7	3.7	3.4

UVMHC's cash on hand is expected to decrease in Budget 2016. Debt indicators also appear to be unfavorable, but trending in a favorable direction.

System Average				
Net Increase/Decrease in Cash	\$ 54,485,472	\$ 74,776,400	\$ 21,398,061	\$ (11,067,200)
Days Cash on Hand	176	181	185	180
Cash to Long Term Debt	1.9	1.6	1.7	1.7
Long Term Debt to Capitalization	29.6%	32.3%	32.6%	31.3%
Debt Service Coverage Ratio	3.3	3.1	2.9	2.8

Compared to the system, cash is favorable and debt measures unfavorable.

The University of Vermont Medical Center

CAPITAL BUDGET

	2014 Actuals	2015 Budget Approve	2015 Projection	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non-Certificate of Need Capital Purchases	\$38,304,505	\$76,000,000	\$76,000,000	\$39,300,000	\$32,700,000	\$31,700,000	\$47,690,000
Certificate of Need Capital Plans		\$87,600,000	\$87,600,000	\$60,500,000	\$105,910,000	\$106,760,000	\$44,610,000
Total Capital Purchases	\$38,304,505	\$163,600,000	\$163,600,000	\$99,800,000	\$138,610,000	\$138,460,000	\$92,300,000

Hospital

Age of Plant (years)	10.3	10.6	10.6	11.7	helps understand the status of all fixed assets
Capital Expenditures to Depreciation	79.2%	147.4%	147.4%	77.2%	helps to understand current level of capital spend
Capital Cost % of Budget	6.0%	6.1%	6.1%	5.9%	helps understand relative share of depr & interest

System Average

Age of Plant (years)	10.2	10.9	11.0	11.9
Capital Expenditures to Depreciation	80.6%	122.4%	131.0%	95.1%
Capital Cost % of Budget	5.9%	6.0%	5.9%	5.8%

Peer information from Major Teaching hospitals should be considered in evaluating UVMMC, such as was used in evaluating the recent CON for IP beds. The budget information compares to the system averages and we find that Age of plant is increasing in Bud 16 and compares closely with the Vermont hospital system. UVMMC capital cost % of budget remains close to the system as well.

Non CON capital items in the 2016 budget total \$39,300 million and include both building improvements and equipment, and \$28.6 million in "other" which is items costing less than \$500,000.

UVMMC's \$60.5 million CON plans for 2016 are listed below with the \$43.4 million inpatient bed replacement project the largest planned expenditure. See Narrative for more detail.

	2016 Budget	2017 Plan	2018 Plan	2019 Plan
Non Certificate of Need Detail				
Construction in Progress (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Land & Land Improvements (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Buildings & Building Improvements (Non-CON >\$500K)	\$7,000,000	\$0	\$0	\$0
Total Fixed Equipment (Non-CON >\$500K)	\$0	\$0	\$0	\$0
Total Major Movable Equipment (Non-CON >\$500K)	\$3,700,000	\$0	\$0	\$0
Other Non CON Items under \$500,000	\$28,600,000	\$32,700,000	\$31,700,000	\$47,690,000
Total Non-Certificate of Need Capital Purchases	\$39,300,000	\$32,700,000	\$31,700,000	\$47,690,000

Certificate of Need Plans

Inpatient Bed Replacement (T0084) (The University of Vermont Medical Center)	\$43,400,000	\$51,200,000	\$58,900,000	\$8,600,000
Genomic Medicine Program (The University of Vermont Medical Center)	\$7,200,000	\$-	\$-	\$-
Surgical Robotics (The University of Vermont Medical Center)	\$2,400,000	\$-	\$-	\$-
Pet CT (The University of Vermont Medical Center)	\$2,700,000	\$-	\$-	\$-
Regional PACS (The University of Vermont Medical Center)	\$3,000,000	\$-	\$-	\$-
Spectral CT (The University of Vermont Medical Center)	\$1,800,000	\$-	\$-	\$-
Primary Care Project (The University of Vermont Medical Center)	\$-	\$5,000,000	\$2,540,000	\$-
Business Center (The University of Vermont Medical Center)	\$-	\$-	\$5,000,000	\$-
Cancer Center Upgrade (The University of Vermont Medical Center)	\$-	\$-	\$7,000,000	\$-
NICU Replacement (The University of Vermont Medical Center)	\$-	\$-	\$-	\$8,000,000
EPIC Network (The University of Vermont Medical Center)	\$-	\$49,710,000	\$33,320,000	\$28,010,000
Total Certificate of Need Proposals	\$60,500,000	\$105,910,000	\$106,760,000	\$44,610,000